

SENATE BILL 7

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B2

2003 Regular Session
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(PRE-FILED)

By: **Senator Miller**
Requested: October 7, 2002
Introduced and read first time: January 8, 2003
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: January 24, 2003

CHAPTER _____

1 AN ACT concerning

2 **Creation of a State Debt - Aging School Program - Qualified Zone Academy**
3 **Bonds**

4 FOR the purpose of authorizing the creation of a State Debt in the amount of
5 ~~\$9,100,000~~ \$9,043,000, the proceeds to be used as a grant to the Interagency
6 Committee on School Construction for certain development or improvement
7 purposes; providing for disbursement of the loan proceeds and the allocation of
8 funds to eligible school systems, subject to a requirement that the grantee
9 document the provision of a required federal matching fund; authorizing the
10 Board of Public Works to sell certain bonds at certain sales; and providing
11 generally for the issuance and sale of bonds evidencing the loan.

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That:

14 (1) The Board of Public Works may borrow money and incur indebtedness on
15 behalf of the State of Maryland through a State loan to be known as the Aging School
16 Program - Qualified Zone Academy Bonds Loan of 2003 in a total principal amount of
17 ~~\$9,100,000~~ \$9,043,000. This loan shall be evidenced by the issuance, sale, and
18 delivery of State general obligation qualified zone academy bonds, as defined in §
19 1397E(d)(1) of the Internal Revenue Code of the United States, as amended,
20 authorized by a resolution of the Board of Public Works and issued, sold, and
21 delivered in accordance with §§ 8-117 through 8-124 of the State Finance and
22 Procurement Article, Article 31, § 22 of the Code, and § 1397E of the Internal Revenue
23 Code, as amended.

24 (2) The bonds to evidence this loan or installments of this loan may be sold as
25 a single issue or may be consolidated and sold as part of a single issue of bonds under

1 § 8-122 of the State Finance and Procurement Article. Notwithstanding § 8-123 of
2 the State Finance and Procurement Article, the Board of Public Works may sell the
3 bonds authorized herein at one or more private sales that best meet the terms and
4 conditions of sale set by the Board.

5 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer
6 and first shall be applied to the payment of the expenses of issuing, selling, and
7 delivering the bonds, unless funds for this purpose are otherwise provided, and then
8 shall be credited on the books of the Comptroller, and held separately in a qualified
9 zone academy bond account, and expended, on approval by the Board of Public Works,
10 for the following public purposes: as a grant to the Interagency Committee on School
11 Construction (referred to hereafter in this Act as "the grantee") for the allocation to
12 eligible school systems under the Aging School Program for the renovation, repair,
13 and capital improvements of qualified zone academies, as defined in § 1397E(d)(4)(A)
14 of the Internal Revenue Code, as amended, and in accordance with the Aging School
15 Program of the Interagency Committee on School Construction, as provided under §
16 5-303 of the Education Article of the Annotated Code of Maryland.

17 (4) An annual State tax is imposed on all assessable property in the State in
18 rate and amount sufficient to pay the principal of and interest, if any, on the bonds as
19 and when due and until paid in full. The principal shall be discharged within 15 years
20 after the date of issuance of the bonds.

21 (5) (a) The grantee shall document the provision of a matching fund as
22 provided in this paragraph.

23 (b) No part of the matching fund may be provided, either directly or
24 indirectly, from funds of the State, whether appropriated or unappropriated. No part
25 of the fund may consist of real property. The fund shall consist of private business
26 contributions, which may consist of funds or in kind contributions, as required under
27 § 1397E(d)(2) of the Internal Revenue Code, as amended. In case of any dispute as to
28 what money or assets may qualify as matching funds, the Board of Public Works shall
29 determine the matter and the Board's decision is final.

30 (c) The grantee shall present evidence to the satisfaction of the Board of
31 Public Works of the provision and documentation of the matching fund, and the Board
32 of Public Works shall authorize the disbursement of the proceeds of the grant under
33 the provisions of this Act for the purposes set forth in Section 1(3) above.

34 (d) As the grantee documents the provision of the matching fund and
35 meets other requirements of § 1397E of the Internal Revenue Code, as amended, the
36 Board of Public Works shall authorize the disbursement of an installment of the
37 proceeds of the grant in proportion to the matching fund documented at that time by
38 the grantee.

39 (e) This method of documentation of the matching fund shall continue
40 until the first to occur of the disbursement of the total amount of the grant or June 1,
41 2005.

1 (f) The grantee has until June 1, 2005, to present the final evidence
2 satisfactory to the Board of Public Works that the total matching fund will be
3 provided and documented. If satisfactory evidence is presented, the Board shall
4 certify this fact to the State Treasurer, and the final proceeds of the loan proportional
5 to the final installment of the matching fund shall be expended for the purposes
6 provided in this Act. After June 1, 2005, any amount of the loan that has not been
7 authorized by the Board of Public Works for disbursement shall be canceled and be of
8 no further effect.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
10 effect June 1, 2003.